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South Africa

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1. Introduction

Sweden and South Africa maintain close relations. The year 2004 was characterized by high-level contacts and a continuous bilateral dialogue, largely covering national, regional and global challenges such as conditions for economic growth, poverty reduction, HIV/AIDS, democratic governance, peace and security, as well as conflict resolution. With frequent inter-governmental exchanges and a number of officially established bilateral fora – paramount of which is the Bi-National Commission – with regard to Swedish development cooperation South Africa stands out as a unique partner.

Indicative of the special relationship is the regular flow of official Swedish visits to South Africa. In April 2004, Sida's Director General *inter alia* discussed urban development and housing projects in Kimberley. Later in the month, the Minister for Policy Coordination in the Swedish Prime Minister's Office attended the inauguration of President Mbeki in Pretoria. During her visit in June, the Minister for Culture signed an agreement on a new, co-financed cultural partnership programme, and in late August the Swedish Foreign Minister held bilateral talks in Pretoria with her South African counterpart. A visit by the Minister for Public Health and Social Services followed in October. Finally, in December 2004 the Minister for International Development Cooperation exchanged views with both South African government officials and NGO representatives. During the stay in Pretoria, she also formally signed a new Development Cooperation Agreement between the two countries.

In addition, in March 2004 the Swedish-South African Health Forum convened in Stockholm, and in May a joint working group on conflict prevention and management – established in October 2003 by the Bi-National Commission – was formally constituted in Pretoria. It could also be noted that the Swedish Parliamentary Committees on Health and Welfare, and on Education, toured South Africa in September and November 2004, respectively.

A new Country Strategy (CS) for development cooperation – covering the five-year period 2004-2008 and outlining a consolidated transformation of the relationship into broader cooperation, based on mutually beneficial partnerships and joint financing – was approved by the Swedish government in mid-June. After a six months' extension of the existing Development Cooperation Agreement, a new agreement – valid until 30 June 2007 and reflecting the orientation of the CS – entered into force on 1 July 2004. It was formally signed by Cooperation Minister Jämtin on 8 December 2004.

To discuss how best to continue the transformation of the cooperation in the spirit of the CS – also taking the new Swedish Policy for Global Development (PGD) into account – and to develop a plan of action, on behalf of Sida the Embassy of Sweden in Pretoria together with the Directorate for International Development Cooperation (IDC) in the South African National Treasury jointly organized a workshop outside Pretoria in September 2004. Attended by some 85 representatives from Sida, the Foreign Ministries in Stockholm and Pretoria, other South African government departments and Swedish embassies in Southern Africa, as well as a number of stakeholders from both the public and the non-governmental sectors in the two countries, the workshop became an important launching pad for the way forward.

2. Development Trends and Dialogue Issues

2.1 Poverty Reduction: Status and Perspectives

In September 2004, the European Commission noted that "the key issue in South Africa remains wide-spread and probably increasing poverty". The country has a population of approximately 45 million. The *national* poverty rate is about 45%, meaning that around 20 million of its citizens eke out a living below the South African poverty line.[1] Poverty is largely coupled with high unemployment (currently between 30 and 40%) and – probably – widening income inequality.[2] The South African government is acutely aware of this threat to the social fabric. In his May 2004 address to the South African Parliament, President Mbeki set out concrete targets and time-tables to narrow the inherited gap between the country's 'first' (modern, urban and largely White) and 'second' (traditional, rural and Black) economies. Development within the former and stagnation in the latter threatens to cement historical divides.

Reporting back to the National Assembly, in his February 2005 State of the Nation Address Mbeki announced that 72% of some 300 concrete government actions had either been undertaken within the deadlines or were being carried out with slight delays. Among the targets met in 2004 were, for example, a 90% coverage of most social grants; a 10 million mark in terms of South Africans with access to potable water; and close to 2 million housing subsidies in favour of the poor. At the same time, there were glaring gaps. Notably, the President emphasized, the backlog with regard to construction of classrooms in rural areas ran into several thousands.

The rampant HIV/AIDS pandemic constitutes a looming threat to South Africa's social and economic development. The number of HIV-infected people grew to 5.5 million in 2004, roughly corresponding to 10% of the world's total. Without effective intervention, it is estimated that between 5 and 7 million South Africans will die of HIV-related illnesses by 2010. Contributing to the national HIV/AIDS debate in 2004 was the fact that both Nelson Mandela and the IFP leader Buthelezi publicly acknowledged losses of children to the disease.

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1 Slightly more than 10% of the population earned less than 1 US Dollar (USD) a day, i.e. fell under the international (MDG) poverty line.

2 This constitues contested terrain. Quoting a survey by the University of South Africa (UNISA), in his February 2005 State of the Nation Address President Mbeki noted that in 2001 4.1 million out of 11.2 million households in South Africa lived on an income of 9.600 Rands or less per year. In 2004, this had decreased to 3.6 million households. At the same time, the President emphasized the plight of "the marginalized [citizens living in] the wilderness of the second economy".

While the South African government has set aside considerable budget resources to arrest HIV/AIDS – focussing on prevention and treatment – by the end of 2004 there was, however, still a marked lack of official political commitment to confront the problem and lead the nation out of the HIV/AIDS crisis.

In this context, it should be underlined that South Africa displays one of the highest incidences of domestic violence in the world and the highest with regard to rape and child abuse. There is a strong link between violence against women and children and the spread of the HIV/AIDS pandemic. During the year under review, increased attention to this situation was given within the bilateral cooperation programme.

This said, with notable exceptions concerning poverty alleviation (Goal No. 1) and HIV/AIDS (Goal No. 6), South Africa is well on track towards achieving the other, main Millennium Development Goals.

2.2 Macro-economic Developments

With a Gini co-efficient of around 0.60[3], South Africa's international status as an upper-middle income country hides huge disparities. Nevertheless, from a macro-economic perspective the government has maintained internal and external stability, as well as achieving considerable progress in socio-economic transformation. Public expenditure remains at a sustainable level, with a budget deficit of less than 2% of GDP. Whereas the volatility of the Rand – over the last years dramatically fluctuating against the US Dollar[4] – causes concern for exporters and importers alike, inflation rates have been brought down to within the targeted bracket of 3 to 6%. In August 2004, the rate registered a record low of 3.7%, and in December it stood at 4.3%.

In November 2004, Statistics South Africa presented new benchmark data for national accounts, including GDP. The revised GDP level indicated that real economic growth had been slightly higher than that of the population increase. In current prices, GDP per capita thus increased from 17.700 South African Rands (ZAR) in 1998 to 27.100 in 2003, approximately corresponding to 4.100 USD.[5]

Concluding its Article IV consultations with South Africa, in September 2004 the International Monetary Fund (IMF) noted that "prudent fiscal policy has been the cornerstone of [the government's] stabilization effort in the first ten years after apartheid". At the same time, business confidence was increasing. In September 2004, it was reported that it was at its highest level since 1997, and in a forward-looking editorial in January 2005 the leading South African newspaper *Business Day* stated that developments in 2004 "promise to be the dawn of a golden age of growth".

While this remains to be seen[6], the economy has registered sustained expansion. Supported by high international gold and platinum prices and underpinned by resurgence in manufacturing, in 2004 South Africa's GDP grew by 3.7%, as compared to 2.8% in 2003. This was considerably better than the government's projections. The longer-term challenges, however, remain i) low investments – foreign as well as domestic – ii) skewed inherited skills and employment profiles, and iii) uneven

[3] Together with Brazil, Guatemala and its de facto former province of Namibia, South Africa is among the most unequal societies in the world.

[4] At the end of 2000, the exchange rate between the ZAR and the USD was 7.57. At the end of 2001, it was 12.13, in December 2002 8.64 and one year later 6.64. During 2004, it fluctuated around 6.00.

[5] In 2003, 1 ZAR roughly corresponded to 1 SEK.

[6] To combat poverty and lay the basis for consolidated, sustained growth, it has been estimated that South Africa needs an annual GDP growth rate of around 6%.

distribution of benefits in favour of the destitute. Of short-term concern was, in addition, that economic growth appeared to taper off towards the end of 2004. While annualized GDP growth in the third quarter was as high as 5.7%, it decreased to 4.0% in the fourth quarter, mainly due to the strength of the Rand which impacted negatively on exports, particularly of manufactured goods.[7] Instead, the growth registered in the fourth quarter of 2004 was consumer-driven, based on wholesale and retail trade, hotels and restaurants, as well as finance, real estate and business services.

At the same time, post-apartheid South Africa is rapidly becoming a leading economic power in Sub-Saharan Africa (SSA). With by far the largest economy – in 2002 representing 46% of SSA's gross regional product (GRP)[8] – over recent years South Africa has established itself as the principal investor on the African continent, before the United States, Germany, Japan and the former colonial powers of Great Britain and France. Africa's growing significance for South Africa is also reflected in its trade statistics. Whereas 4% of South Africa's exports in 1991 had African destinations, in 2003 the share had grown to 16.5%. In the process, Africa surpassed the Americas, occupying third place after Europe and Asia.

2.3 Political Developments, Governance and Human Rights

The first quarter of 2004 was dominated by the third national, democratic elections, held in mid-April. The outcome was a resounding victory for the governing African National Congress (ANC), which received almost 70% – more than two thirds – of the votes, recording its best result ever. In addition, ANC took control of all of South Africa's nine provinces, including the Western Cape and KwaZulu-Natal.
The former party of apartheid – the reformed New National Party (NNP) – got less than 2%. Drawing conclusions from the popular verdict, in June NNP adopted ANC's programmatic 1955 *Freedom Charter* and in August the party leader Marthinus van Schalkwyk – Minister of the Environment in the newly appointed South African cabinet – recommended his members to join ANC. After subsequent 'floor-crossing' at the provincial and municipal levels, by September 2004 the NNP had practically ceased to exist, marking yet another end to the apartheid era.

On the side of the political opposition, the Democratic Alliance (DA) grew from slightly below 10% in 1999 to 12%, while its partner within a 'Coalition for Change', the Inkhata Freedom Party (IFP) of Chief Buthelezi, only mustered a national vote of 7%, almost exclusively due to its influence in KwaZulu-Natal. The Independent Democrats (ID) – a newcomer headed by the former Pan-Africanist (PAC) leader Patricia de Lille – got just below 2% of the votes.

The 2004 national elections reconfirmed ANC's supremacy and the continuing crisis within the opposition. In this context, it should be noted that the political formations on both the extreme left and the extreme right suffered heavily. On the left, the Azanian People's Organization (AZAPO), for example, only got 0.3% and the Pan-Africanist Congress of Azania (PAC) 0.7% of the votes. On the right, the Afrikaaner Vryheidsfront Plus (FF+) recorded a mere 0.9%.

[7] After finance, real estate and business services (18.3%), manufacturing has rapidly become the second most important sub-sector of the South African economy. In 2004, it contributed 17.2% to GDP, far ahead of the traditional, primary sub-sectors of mining (6.5%) and agriculture (2.9%). After growing by 6.3% in the third quarter, manufacturing registered a downturn to 2.5% in the fourth quarter of 2004.

[8] In second position, in 2002 Nigeria's share of SSA's GRP was 8%. Together, the remaining 46 countries in Sub-Saharan Africa thus represented 46%, or a combined economy equal to that of South Africa.

In late April, Mbeki was sworn in as South Africa's executive President for a second – and last – five-year period, due to end in 2009. Marking a shift vis-à-vis the ambitious strategic policy work during South Africa's first ten years of democracy, at the inauguration and thereafter he put delivery of public services to the destitute population at the core of his second term, *inter alia* through extended social grants, an expanded public works programme and closer monitoring of/increased attention to the performance of local government structures.

The national elections were carried out without incidents of violence and deemed free and fair, reflecting the maturity reached by the young South African democracy in just one decade.

South Africa is distinguished by a modern, progressive Constitution – including a far-reaching Bill of Rights – an independent judiciary, a free press, an organized labour movement, a vibrant civil society and a strong private business sector. Most of the economic and social rights are provided for in the Constitution, but the legacies of three and a half centuries of colonialism, apartheid minority-rule and inherited dualism are widely evident. The foundations of a democratic society in which human rights and fundamental freedoms for all are respected need further consolidation.

The South African government places the fight against corruption high on its agenda. A prosecutor-led, semi-autonomous Directorate of Special Operations – commonly known as 'The Scorpions' – has been established. It has wide-ranging and uncompromising powers to investigate and combat economic corruption, organized crime and, in general, anti-state activities. In 2004, it initiated investigations against a number of members of parliament alleged to have fraudulently abused travel allowances, as well as against the Deputy President's economic adviser, purported to take bribes in connection with arms procurements by the state. The highly commented trial – indirectly involving a possible successor to President Mbeki in 2009 – opened in mid-October 2004.

While corrupt practices in South Africa – inherited from the apartheid era or appearing thereafter – according to various national surveys are commonplace at the level of the police, the civil service etc., it should be noted that Transparency International (TI) in its 2004 global index ranked the country as No. 44 out of a total of 146.[9] In Africa, only Botswana (31) was ranked higher. In fact, among Sweden's core development cooperation partners South Africa was according to TI the least affected by corruption, way ahead of countries such as India and Mozambique (sharing rank No. 90), Nicaragua (97), Vietnam (102), Ethiopia (112) or Kenya (129). In January 2005, the resident World Bank (WB) representative noted that "few businesses in South Africa report that bribes are needed to get things done, which is far lower than in other African or middle income countries". Corruption, nevertheless, remains a reality. In February 2005, President Mbeki announced that before mid-year a Second National Summit on Corruption would be convened.

2.4 Development Cooperation and Partnerships

In financial terms, official international development assistance (ODA) to South Africa plays a marginal role, merely representing 1.3% of the national budget or 0.3% of GDP (EC, September 2004). However, to assist in the consolidation of democracy, as well as in modernizing and

[9] In 2004, TI ranked Finland as the world's least corrupt country. Sweden was ranked No. 6, the United States No. 17, Japan No. 24 and Italy No. 42. Among the countries ranked lower than South Africa were South Korea (47), Greece (49), Brazil (59), Poland (67), China (71) and Russia (90). Last on the list were Bangladesh and Haiti.

strengthening the public sector with capacity building for improved service delivery, ODA is seen by South Africa as being of strategic importance.

The European Commission (EC) remains by far the largest donor, together with the European Investment Bank (EIB) annually contributing some 200 million Euro. While the Bretton Woods institutions (WB and IMF), as well as the UNDP, play marginal roles, the European Union (i.e. EC, EIB and the member states) represents around 70% of all ODA. According to OECD/DAC, in 2002 the five largest bilateral donor countries to South Africa were the United States (89 MUSD), the United Kingdom (47), the Netherlands (46), Germany (42) and France (25). With recorded disbursements of 22 MUSD, Sweden followed in sixth position. Although disbursements from Sweden since 1999 have continuosly decreased, in 2003 South Africa was, in fact, the 12th largest recipient of Swedish ODA in the world and the 6th in Africa. In that year, total transfers from Sida amounted to 191.8 MSEK (Sida: 'Statistical Report 2003').

South Africa is, in addition, a major recipient of Swedish NGO-support. In 2003, 11 out of the 12 Sida-supported so-called 'frame organizations' were active in South Africa. Most of them had offices in the country. Sida's contributions to these organizations amounted to 48.2 MSEK. In addition, 13.7 MSEK was transferred from Sida in favour of *ad hoc* activities by other Swedish NGOs, in 2003 bringing the official NGO support outside the bilateral Development Cooperation Agreement to 61.9 MSEK, or roughly to one third of the total assistance through Sida.[10]

Due to South Africa's dominance in Africa and its active policies in favour of conflict resolution and an 'African Renaissance', outside the bilateral programme substantial funds are, in addition, channelled to the country under Sida's allocation for 'Regional Programmes in Sub-Saharan Africa'. Support to the NEPAD Secretariat, various South African institutions in the field of conflict resolution and management, as well as preparations for tripartite cooperation between Sweden, South Africa and a third African country are presented under 6 below.

In the absence of a strong presence by the World Bank[11], IMF and UNDP; without a comprehensive Poverty Reduction Strategy (PRS); and no multilateral budget support, donor coordination in South Africa is comparatively weak. On the side of the donors, monthly meetings take place between the EU development counsellors. Perhaps more importantly, South Africa's National Treasury regularly calls for consultations with all donor countries and agencies. Strongly emphasizing South African ownership, during the year under review IDC initiated a strategic discussion on 'a shared ODA reform agenda in South Africa'.
It should be noted that South Africa itself is a donor country, with various programmes in Sub-Saharan Africa and beyond. Also in that capacity, it underlines the importance of donor harmonization, claiming the right, for example, to be represented at the OECD/DAC peer reviews.

Outside the EU community, mutual consultations with Norway have, as before, been close. In addition, following upon a Swedish proposal to coordinate and harmonize procedures, in May 2004 IDC hosted a first, annual consultation with all the Nordic countries present in South Africa, i.e. Denmark, Finland, Norway and Sweden.

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10 Taking the Swedish NGOs own contributions into account, in 2003 their share of the Sida-registered assistance to South Africa corresponded to 44%.

11 In South Africa, the WB plays a marginal role. At the end of 2004, the WB's portfolio was made up of seven long-term operations, with total commitments of 60 MUSD.

Finally, in view of the EU Cooperation Council's meeting in late November 2004 and the review of its Trade Development and Cooperation Agreement with South Africa, the Embassy of Sweden in Pretoria took an active part in the preparatory work. The deliberations focussed on three main questions, namely a) does South Africa need assistance; b) if so, what can Europe add; and c) what kind of cooperation can the union offer? While the answer to the first question was affirmative, the Swedish CSP and PGD informed EU's position with regard to the following two.

3. Swedish Development Cooperation

3.1 Strategic Assessments and Considerations

In line with the major political, economic and social challenges, the Country Strategy for 2004–2008, as well as with South Africa's national policies and priorities, development cooperation between South Africa and Sweden has the overriding objectives to i) reduce poverty, inequality and vulnerability, and to ii) consolidate democracy and respect for human rights.

The South African government is committed to address the needs of the poor, as well as to uphold democratic and human rights. Democratic transformation of the society and the fight against poverty have from the beginning been major objectives for the development cooperation with Sweden. As stated in the Country Strategy for 1999–2003, a third goal has been "to promote long-term, broader relations between Sweden and South Africa".

Notwithstanding the country's position as a middle-income economy, the overriding objective – *reduction of poverty, inequality and vulnerability* – remains highly relevant. The South African government's policies and strategies in this regard meet the donor community's requirements of a PRS process. The economic policy, which recognises the role of the state in creating job opportunities through increased public spending (*inter alia* for public works in infrastructural projects and through extended social security for the poor, elderly and young), has been widely acclaimed.

The South African government places strong emphasis on service delivery and capacity-building of the public administration. Strategic policies have been adopted over the last decade and the focus of the Swedish support has been to assist in the implementation phase.

Democratic governance is a prerequisite for sustainable poverty reduction. South Africa and Sweden share a strong belief in the rule of law, non-discrimination, respect for human rights, gender equality and public participation – all fundamental principles in a society where poor people will have the possibility to take an active part in their own development. Rule of law and access to justice – also for the poor – has been one area of cooperation in the past, e.g. with support to paralegal advice offices, some of which hopefully will be more integrated into the formal legal system. Besides the expressed commitment to honour human rights domestically, South Africa and Sweden also share ambitions in the regional and international settings, working with issues of democracy, human rights and poverty within the structures of the AU, NEPAD, EU and UN.

3.2 Country Plan 2004 and Country Strategy 2004–2008

During the year under review, Sida's dialogue with South African and Swedish counterparts focussed on the development of sustainable partnerships in preparation for a transformation of the cooperation in line with the Country Support Strategy for 2004–2008, adopted by the Swedish government in June 2004. As will be seen under sections 4 and 5 below, this *inter alia* included the possibility of transforming the existing urban development programmes into twinning arrangements through SALA-IDA (subsidiary of SALAR; the Swedish Association of Local Authorities and Regions), an issue that was raised during the joint Swedish-South African workshop in September 2004 and subsequently followed up by Sida and other concerned parties in Sweden.

In accordance with the 2004 Country Plan, cross-cutting issues such as environmental concerns and sustainable management, gender, democracy, human rights and HIV/AIDS were addressed, both in the dialogue with the South African partners and when assessing projects and programmes in the Embassy's Project Review Committee. The plan for cross-cutting issues announced in the Country Plan, as well as in the new Country Strategy, had, however, to be postponed until 2005.

As noted above, the new Country Strategy aims at paving the way for co-financed partnerships beyond 2008, further stating in this regard that "Sweden should as a matter of urgency enter into a dialogue and arrive at an agreement with the South African authorities on a suitable timetable for increased co-financing during the strategy period", i.e. from 2004 until 2008. Although the issue of co-financing featured prominently in the dialogue, largely due to outstanding clarifications regarding the Swedish regulatory framework, no concrete timetable was drawn up in 2004.

Experiences gained within the area of HIV/AIDS have led to an increasing awareness that mainstreaming – though necessary – is not enough. In the Country Strategy for 2004–2008, it was therefore proposed that HIV/AIDS should constitute an area of direct intervention. As envisaged in the Country Plan for 2004, against this background the Embassy adopted a strategic three-year plan and a yearly operational plan against HIV/AIDS in April 2004.

Other activities of strategic importance that have been pursued during the year include:

- the replication of jointly gained experiences in third countries in Africa (i.e. tripartite cooperation);
- twinning arrangements between Swedish and South African municipalities, building on and, eventually, replacing the ongoing co-operation in urban development; and
- continued support to cultural co-operation through a partnership programme.

4. General Programming Review

The activities presented in the Country Plan for 2004 were, in general, aligned with the proposed Country Support Strategy for 2004–2008, as well as with the South African government's policies and priorities. Emphasis during 2004 continued to be on the creation of enabling conditions for sustainable partnerships, gradually replacing the activities administered by Sida. Sustainability was high on the agenda in the dialogue between the cooperating partners.

The Embassy maintained a close dialogue with the South African National Treasury and various stakeholders on the implementation of the Country Support Strategy for 2004–2008. Contacts were further held on the new Swedish policy for international development cooperation (Policy for Global Development – PGD) and its implications with regard to the bilateral partnership.

A workshop was organized jointly with the South African National Treasury in Pretoria on 27–30 September 2004 to discuss the implementation of the new Country Support Strategy. Its main objectives were: "To brainstorm and develop a common understanding on the conceptual framework of the different instruments drawn up for the future cooperation partnership" and "To streamline the mechanism(s) for rolling out the instruments and ensure best practices and sustainability". Co-financing principles and criteria was another theme of the conference.

Within the public sector support, prospects for future sustainability are generally good. Examples are the institutional co-operation within the areas of statistics, tax administration and the police. Funding and legal restrictions for Swedish partners to provide co-financing are, however, limiting factors, notably with regard to municipal and provincial twinning arrangements. It is expected that the development of policies and structures following upon the Swedish parliament's endorsement of the new Swedish PDG will provide further guidelines in this regard.

In the civil society sub-sector, sustainability mainly rests on co-operation arrangements financed under Sida's so-called 90/10 programme. South Africa is one of the largest beneficiares of this programme, with disbursements through Swedish NGOs annually fluctuating around 50 MSEK. In the support to civil society organisations, attention is given to the total funding, ensuring that Sweden is not the sole or dominant funder. In the Country Strategy for 2004–2008, it is suggested that the issue of sustainable funding of civil society shall be addressed. A management training programme for NGOs and CBOs (i.e. community-based organisations) was implemented during the year. Of special concern is sustainability in the legal sector, in particular regarding the South African network of paralegal organisations.

Efficiency in delivering inputs and results has in general been maintained. The 'recipient capacity' meets with common goals and priorities to assure high standards. With increasing focus on the Eastern Cape Province, synergy effects have – as envisaged in the Country Plan – been sought through links and mergers between projects.

As noted in the Country Plan for 2004, during the year the number of individual projects and programmes was further reduced. In the area of Culture, a major reduction was brought about through the introduction of the Swedish-South African Partnership Programme (see 5.3 below), and in the area of Democratic Governance the number of specific agreements was brought down to around 20 (see 5.1). Total disbursements within the cooperation programme in 2004 amounted to 150.2 MSEK out of a total (revised) allocation of 170 MSEK, corresponding to a rate of 88%.

5. Follow-up of the Country Programme

5.1 Democratic Governance

Democratic Governance has for administrative purposes been subdivided into Public Administration, a Legal Sector, Civil Society Support, and Political Institutions. It is the largest area in the development cooperation between Sweden and South Africa. In line with the Country Strategy for the period 1999–2003 and the Country Plan for 2004, the number of specific agreements has been brought down from over 30 in 1999 to around 20 in 2004. At the same time, disbursements have decreased from approximately 130 MSEK in 1999 to some 62 MSEK in 2004, during the year under review still representing almost 40% of total disbursements to South Africa. As equally outlined in the Country Plan, in 2004 support within the area of Democratic Governance – as well as in Education and Urban Development – increasingly focussed on the Eastern Cape Province.

Local Government in the Northern Cape: Starting in 1998, this programme was designed to enhance capacity and competence of local authorities, with the overall objective of improving service delivery to the people in the province. By the end of 2004, most of the activities had been finalized. During a workshop in the provincial capital of Kimberley in November 2004, the outcome of the programme was discussed with all stakeholders involved. A general conclusion was that the programme had been successful, *inter alia* resulting in tripartite cooperation between Sweden, South Africa and Rwanda modelled upon the Northern Cape 'project model'.

The HIV/AIDS component of the programme has progressed well. To allow the work to be completed, it will be extended until April 2005.

Eastern Cape Provincial Administration: This major, integrated provincial programme started in 1999 and includes support to human resources development, financial management, education and an HIV/AIDS workplace component. The roll-out of the latter has not been without problems. Since the elections in April 2004 and the installation of a new provincial Premier, major administrative changes have also taken place, resulting in the replacement of important counterparts. This has particularly been the case within the provincial treasury, affecting the Swedish-supported financial management component. In general, however, the programme is on track (for the education component, see 5.2 below).

Statistics: Negotiations around continued cooperation within statistics came to an end in December 2004, when a Memorandum of Understanding was signed between South Africa, Sweden and the United Kingdom. Statistics South Africa (StatsSA) is the implementing partner together with Statistics Sweden (SCB) and the programme is jointly financed by Sida, the British Department for International Development (DFID) and StatsSA. The international donors' contribution amounts to approximately 13 MSEK, which primarily will be used for capacity-building within the areas of poverty analysis/monitoring and HIV/AIDS. Implementation will start in early 2005.

Police: The cooperation between the South African and the Swedish police is well on track. At the end of 2004, a review of the programme was initiated. It is expected to be finalized in early 2005. The review will form the basis for a decision on whether the cooperation shall continue during a third phase, starting in 2006. A major outcome of the programme is that tripartite cooperation has been established between the Swedish, South African and Rwandan police services.

Revenue services: Over the years, considerable achievements have been made in the institutional cooperation between the South African Revenue Services (SARS) and the Swedish Tax Agency. The programme started in 1998 and is currently in its second phase, coming to an end in 2005. It has been highly successful. Thus, during the fiscal year 2004/05 SARS collected almost 10 billion ZAR more than the revenue target, bringing down the estimated budget deficit from 2.3 to 1.6% of GDP.

Office of the Status of Disabled Persons (OSDP) in the Office of the President: This programme came to an end in March 2004. Generally, the Swedish support has had a significant impact on the capacity and development of OSDP's work, and in a regional perspective South Africa has become one of the leading countries in Africa in the disability area.

Child Justice Project, Department of Justice: Since the inception in 2000, the Swedish contribution of approximately 10 MSEK was primarily earmarked for the implementation of the Child Justice Bill, which is yet to be passed by Parliament. Despite slow progress in this regard, various activities – such as the establishment of the One Stop Youth Justice Centres – have taken place. If the situation remains unchanged (i.e. the Child Justice Bill is not enacted) during the next parliamentary session (April 2005 to March 2006), the programme will be further delayed, prompting an extension of the present agreement, which expires on 31 March 2006.

Masimanyane Women's Support Centre: The second phase of the support to Masimanyane came to an end in December 2004. The programme is running well and has gradually increased its focus on the link between HIV/AIDS and gender-based violence. As a prioritized area in the Swedish country support strategy, it is expected that the support to Masimanyane will continue during a third phase, covering the period 2005–2007.

Impumelelo Innovations Award: Impumelelo's mission is to reward innovation in public-private partnerships that aim at reducing poverty and address other key developmental issues of national concern, such as crime. Sida's contribution, amounting to 3 MSEK during the final phase of the programme (2004–06), will be utilised for award-winners in the HIV/AIDS sector.

Institute for Democracy in South Africa (Idasa): The citizen leadership programme seeks to address the need to build capacity amongst South African youth leaders in civil society for effective participation in the political process and in broader public life. Sida's contribution, covering the period 2003–2006, is 9 MSEK. The first and second training courses were successfully completed between May and November in the Northern Cape and Eastern Cape, respectively. Idasa is presently engaged in consultations with relevant organisations to recruit participants for the next training workshops to be held i early 2005 in the Northern Cape.

South African NGO Coalition (SANGOCO): The agreement between Sida and SANGOCO expires on 30 September 2005. Sida's support is in the form of core funding, amounting to 6 MSEK, to enable the organisation to carry out its functions, amongst others to build capacity of its member organisations in the NGO sector. During part of 2002 and 2003, the organisation went through a period of turmoil in terms of management and strategic direction. However, since the appointment of a new Executive Director in August 2004, it has grown to fulfil its founding mission of establishing a vibrant South African civil society to serve the interests of the poor.

Access to Justice Programme, International Commission of Jurists, Swedish Section (ICJ-S): The present phase of the ICJ-S South Africa programme was initially for a three-year period, 2001–2003, with a maximum amount of 54 MSEK. The support has since been extended twice, up to the end of June and December 2004, respectively, and each with an additional amount of 7 MSEK. The decision of the two extensions mainly served as the basis for a final phase of the programme, 2005–2006. In particular, the second extension was granted in order to allow for a systems audit of ICJ-S Stockholm and to monitor whether the agreed recommendations of the review relating to the structure and management of the programme were to be implemented during the final phase. A decision by Sida to support the ICJ-S for the final two-year period 2005–06 is expected in early 2005.

Law, Race and Gender (University of Cape Town): The objective of the Law, Race and Gender's (LRG) work is to improve the administration and support the delivery of free and equal justice in South Africa. This is carried out through social context training and raising of awareness within the magistrate's courts. Sida's support to LRG amounts to 3 MSEK over the two-year period 2003–2005.

Community Law Centre, University of Western Cape: Sida has since 1997 supported both a gender- and child justice project at this centre. Both projects have mainly been dealing with law reform, including research, lobbying and advocacy in relation to *inter alia* the proposed Child Justice Bill, the Sexual Offenses Bill and the Domestic Violence Act. Both projects came to an end during 2004.

AIDS Law Project (ALP): Sida supported this organisation during 1999–2002 and, based on positive experiences, a new agreement was entered into in early 2004. During the period 2004–2006 Sida has allocated 4.0 MSEK for the work of ALP, focussing on legal advice and litigation services to people who have been unfairly discriminated against on the basis of their HIV/AIDS status. ALP is one of the most prominent HIV/AIDS organisations in South Africa and also functions as the 'legal arm' of the Treatment Action Campaign (TAC).

AIDS Consortium: This organisation works within the HIV/AIDS and human rights field and was supported by Sida during 1999–2001. The experience was positive. During the second half of 2004, preparations took place for a new agreement, starting in January 2005. As the organisation had gone through a turbulent period in terms of its management and organisation, it was decided that the support initially would be given for one year and that an assessment would be made during the second half of 2005.

AIDS Legal Network (ALN): This is one of the organisations with a strong focus on human-rights education in terms of HIV/AIDS and gender-based violence which Sida has supported since 1999 with a contribution of over 4 MSEK. Whilst the present agreement covering the period 2001–2004 came to an end on 31 December 2004, ALN has submitted a new application for continued support during 2004–07.

General: As envisaged in the Country Plan for 2004, during the year – albeit in the end without Swedish funding – the South African Department of Social Development and the Swedish Ministry for Social Affairs explored possibilities of institutional cooperation/twinning in a number of areas. From the South African point of view, the Swedish Social Insurance System was in this context of particular relevance.

Other: In the 2004 Country Plan, it was stated that an international course on local governance during the year would be arranged in South Africa within Sida's ITP (International Training Programmes) mandate. While preparations to this effect were made, in consultation with Sida's headquarters in Stockholm it was, however, decided to postpone the initiative.

5.2 Education

Northern Cape: In the Country Plan for 2004, it was envisaged that an evaluation of the substantial support extended to the Department of Education and the Northern Cape Department of Education should be carried out in 2004. It is now planned for 2005.

Inclusive Education: In June 2003, Sweden signed a three-year agreement to support the implementation of the first phase of White paper No 6 – Inclusive Education. The total contribution amounts to 20 MSEK. Finland contributes 4.5 MEuro. Neither Swedish nor Finnish funds have been disbursed during 2004. Procurement of service providers has been delayed due to time-consuming tender procedures. There have also been staff changes within the Directorate of Inclusive Education. The directorate has been active in advocacy, identifying 30 districts where 30 schools will be converted into full-service schools and 30 special schools that will be converted into resource centres; development of guidelines and strategies for assessment and support; and design of curriculum access for all learners. Within the budget, funds have been set aside for linkages with Swedish universities. The Stockholm Institute of Education (SIE) visited South Africa in March 2004. The Department of Education is interested in co-operating with SIE in the area of human-resource development. This will not take place before the second part of 2005.

Education Policy: The Education Policy Consortium (EPC) is currently running eight research projects in the field of democracy and human rights, and Swedish and South African scholars have established direct research links. In 2004, two seminars took place, one in South Africa and one in Sweden.

Four issues of the publication *Quarterly Review of Education and Training* were published as planned. Focus was on analyses of matriculation results; financing and transformation of education; learners in rural schools; political economy; and education policy.

Education management in the Eastern Cape: This is one of the main components of the integrated support to the provincial government in the Eastern Cape Province (see 5.1 above). In April 2004, the consultants – CDC Copenhagen/JET – presented an inception report, forming the basis for a proposal from the Eastern Cape Department of Education for increased support to education management. An additional amount of

5 MSEK was subsequently granted. The total amount to the programme thus amounts to 20 MSEK. The work focuses on capacity building in three districts where it is progressing well. The provincial department of education continues to struggle with its administration, causing delays in the implementation of the programme.

5.3 Culture

The Swedish South African Partnership Programme: In February 2004, it was decided to support a Cultural Partnership Programme with an amount of 45 MSEK for the period 2004–2006. An agreement to this effect was in June 2004 signed by the Swedish and South African Ministers for Cultural Affairs. The South African Department of Arts and Culture (DAC) supports the programme with an amount of 12 MZAR. DAC handles the programme in South Africa and the National Council for Cultural Affairs (NCCA/Statens Kulturråd) in Sweden.

In anticipation of the agreement, a first call for applications was announced in February 2004. In total, the programme received 330 applications, out of which 69 fulfilled the criteria of being joint projects between a South African and a Swedish institution/organisation. A joint committee, consisting of five representtatives from each country, has been mandated to make recommendations regarding the beneficiaries. The committee met in June in South Africa and recommended 10 projects and 11 planning grants of a total amount of 15.6 MSEK. A call for applications for 2005 was announced in September 2004, with a deadline set at 31 October. In total, 233 applications were submitted.

5.4 Research

The Partnership Programme: The programme forms part of the Swedish Research Links, funded by Sida/SAREC and currently amounting to 10 MSEK per year. In South Africa, the programme is administered by the National Research Foundation (NRF) with support from the South African government. In 2004, the sixth call for applications received 44 submissions corresponding to the established criteria. Meeting in Sweden, in October 2004, the joint Swedish-South African technical committee approved 27 projects.

Although the need for HIV/AIDS research has been emphasized, it should be noted that the joint committee did not approve any project in this field.

5.5 Housing and Urban Development

Nelson Mandela Metropolitan Municipality (NMMM): Support to urban development and housing in the Nelson Mandela Metro (centred on the Eastern Cape metropolis of Port Elizabeth) continued within the three-year agreement 2003–2005 of 45 MSEK. Housing, transport, spatial planning, waste management and twinning with Gothenburg remain focal areas. Both long-term and short-term consultants are involved. The support centres on the poor township of Motherwell, selected as one of nine areas in the national Urban Renewal Programme. In February 2004, the inception report for the Motherwell Urban Renewal Programme (MURP) was submitted. It has a broad and integrated approach, targeting practical implementation of the goals and visions of the municipality's Integrated Development Plan (IDP). During the year, officials from the municipality visited Latin America to study public transport. Within the twinning programme with Gothenburg high-level visits were also made between the two municipalities.

The setting-up of the Ubutyebi Trust has been time-consuming. During the year a manager was appointed and the trust moved into new offices. In early 2005, Ubutyebi signed their first loan agreement. In 2004, the manager and board members of IMIZI Housing Utility visited Sweden and the Netherlands to look at social housing.

Although the programme is generally developing well, delays in the implementation have been recorded in some areas and the agreement may be extended for one year without additional funding.

Buffalo City Municipality (BCM): In the beginning of 2004, a proposal for extension of the agreement with BCM (centred on East London in the Eastern Cape Province) was submitted. In July, the agreement was subsequently extended until December 2006 with an addition of 15 MSEK. The total Swedish contribution for the period 2001–2006 thus amounts to 75 MSEK. The focus areas remain the same: housing, transport, water and sanitation, waste management and coastal management. The programme is in line with BCM's Integrated Development Programme (IDP). There have been minor delays, but most parts are developing well. As in NMMM, both long-term and short-term consultants take part. Notable is that the municipality has developed an HIV/AIDS strategy. The twinning arrangement with Gävle is working well and the cooperation is progressing in a number of the focus areas. During the year, the two municipalities exchanged a number of visits.

In 2004, a successful housing design competition took place for high-density, low-cost housing in both NMMM and BCM. The competition received 100 proposals from Swedish and South African architects. The winning proposals will in 2005 be implemented in Duncan Village in BCM and in Motherwell in NMMM.

Sol Plaatje Municipality (SPM): The last phase of the support to SPM (built around the Northern Cape capital of Kimberley) amounts to 5.5 MSEK for 2003–2004. To finalize the support, the agreement will, however, be extended until December 2005. The main focus is on assistance to the Galeshewe Urban Renewal Programme (GURP). At the 2004 World Urban Forum in Barcelona, SPM presented part of GURP, namely Conservation of Greater No. 2, the oldest African township in South Africa.

In April 2004, Sida's Director General participated in the inauguration of the Hull Street Housing Project in Kimberley. The ambitious programme has encountered technical difficulties. Reviewing the construction plans, a consultant has submitted a report which will be further discussed in 2005.

The twinning programme between SPM and Falun/Borlänge developed during the year and will continue in 2005.

General: In September–November 2004, the International Organisation of Development-South Africa (IOD) in cooperation with the Stockholm Regional Planning Office carried out an external evaluation of the urban development and housing programme in the aforementioned three municipalities. The aim was to assess to what extent objectives had been achieved, as well as sustainability, impact of various instruments and inputs to improve future programmes.

Overall, the Swedish-supported urban development and housing programme was deemed successful. It was found notable for innovations and the introduction of new concepts and technologies valid in the South African context. The programme has been well designed on a technical level and has achieved an effective balance between viable and more experimental projects. The technical assistance has been effective and is highly valued. Thus, the urban advisors have played a central role in ensuring effiency.

This said, the programme has not been overly successful in building sustainable skills and capacity in the three municipalities. Nor has it been particularly effective in reaching out to its identified target groups. This, it was found, is partly due to frequent staff changes within the municipalities.

The evaluators made a number of recommendations which will be discussed with the municipalities. One strong recommendation was to better disseminate the results of the programme. Work in this respect has started by looking into the possibility for the municipalities in the Eastern Cape to increase networking and share experiences.

With regard to general support to low-cost housing in South Africa, in Sida's Country Plan for 2004 it was stated that no further direct financial assistance was envisaged, but that Sweden would be engaged in the South African review process of the different instruments available. This has also been the case. Whereas support in the form of revolving funds is being phased out, low-cost and social housing remain high on the agenda in the three support programmes to NMMM, BCM and SPM.

Finally, in the 2004 Country Plan it was envisaged that guidelines for funding and administration of municipal twinning arrangements would be established by the Swedish government, Sida and the Swedish Association of Local Authorities and Regions (SALAR). With a number of initiatives in this area – on the Swedish side *inter alia* involving Värmland, Kronoberg and Öland and on the South African the provinces/regions of Limpopo, North West and Boland –, against the background of the Country Strategy for 2004–2008 and together with other required adaptations of the Swedish legislation in the light of the new Swedish Policy for Global Development, this issue was as a matter of urgency emphasized by the Embassy during the year under review. Albeit initiatives in this respect were taken by Sida, at the end of 2004 general guidelines for the municipal and regional cooperation were, however, not yet available.

5.6 Private Sector Development and Economic Cooperation

Micro finance: Four microfinance institutions (MFIs) applied to Sida for funding in 2002. At the time, the consultants that conducted appraisals of the MFIs recommended two for support, namely Marang Financial Services and FINCA South Africa. The agreement with FINCA lapsed in August 2004 due to FINCA failing to meet the agreed upon performance targets. Subsequently, proposals were received from the two MFIs that had not been selected for funding in 2002, namely Beehive and Small Enterprise Foundation (SEF). It was decided that an indepth appraisal of SEF would be conducted at the same time as the annual appraisal of Marang. The intention is to reallocate the undisbursed funds that were committed to FINCA to an MFI that has the potential to fulfil the development objective of creating role models of commercial microfinance in South Africa. The consultants recommended that Sida support SEF and confirmed that Marang again had met the set performance targets.

During 2004, the Micro Enterprise Alliance undertook a comprehensive exercise to produce a strategic plan for the period 2004–2009 and appointed a new general manager. Furthermore, since 2005 is the United Nations Year of Microcredit it was decided to extend the agreements with both the Micro Enterprise Alliance and the Micro Finance Regulatory Council without additional funds, for activities to be undertaken during the year.

In November 2004, the Micro Finance Regulatory Council paid a visit to Sweden. The objective was to establish contacts with Swedish counterparts and get a deeper understanding of the Swedish system.

Economic cooperation: The Swedish South African Business Partnership Fund (SSBF) appointed a new managing director in May 2004.
There has been in principle agreement both by the Board and between the principals of the SSBF to broaden the mandate, firstly, to extend the scope to the SACU member states, and secondly, to include partnerships between organisations that support business in Sweden and South Africa. This has been approved by the BNC.

A decision was taken to support the on-going cooperation between Furntech and Tibro Training Centre for a further three years.
The relationship has the potential for co-financed, sustainable cooperation in line with the Country Support Strategy for 2004–2008.

Contact has been established between the South African Women Entrepreneurs Network (SAWEN) and the National Resource Centres for women in Sweden. The proposed areas of cooperation are the development of an internet portal to facilitate networking, leadership training for women to serve on boards and in management positions, and the introduction of the Swedish women business advisor programme as a pilot project in South Africa.

5.7 HIV/AIDS

In accordance with the Country Plan for Development Cooperation with South Africa 2004–2006, in early 2004 a strategic three-year plan and a yearly operational plan to mitigate the effects of HIV/AIDS was adopted.

Following these plans, the programme in South Africa has engaged in three types of responses to HIV/AIDS: prevention; care and treatment; and impact mitigation (responses to the pandemic's effects on government, organisations, communities and households). The three approaches of dialogue, mainstreaming, and direct support are in the process of being scaled up.

Ongoing dialogue is being carried out with the government (national, provincial and local levels), civil society organisations as well as the private sector. South Africa is a signatory to many international agreements, and the epidemic is being monitored through indicators from the UNGASS Declaration, the Millennium Development Goals, The Three Ones, sector responses and other ongoing initiatives such as the WHO 3 by 5 and PEPFAR.

The aim of mainstreaming HIV/AIDS in existing programmes is to generally adapt the development work to meet the challenges of HIV/AIDS, reducing susceptibility to HIV infection and vulnerability to the impact of AIDS. Direct support to the Cities Network's HIV/AIDS mainstreaming project enhances the existing support to urban development in Buffalo City and Nelson Mandela Metro.

The scaling up of direct support focuses on areas where Sweden has a comparative advantage, but also takes cognisance of gaps in South Africa's programmes. Support is given to community mobilisation with assistance and capacity building of small community based organisations in the Eastern and Northern Cape. With the roll-out of the government's Comprehensive Plan on Treatment and Care the need for community mobilisation and treatment literacy is being cared for by the Treatment Action Campaign (TAC). TAC is the leading organisation in South Africa in the field of treatment literacy, developing the health-care system, advocacy, lobbying, litigation and research on HIV/AIDS. TAC is also engaging and mobilising thousands of people living with HIV/AIDS, and is, at present, the only organisation doing work on treatment literacy.

The linkages between HIV/AIDS and gender-based violence have been established. For example, forced sex may directly increase the risk of HIV-transmission as a result of physical trauma; violence or threats of violence may limit the ability to negotiate safer sex; inadequacies in justice systems may result in a disincentive to reporting rape and/or seeking post-exposure prophylaxis; childhood abuse may lead to sexual risk-taking later in life; and sharing HIV results may increase the risk of a violent response by a partner. The Embassy is *inter alia* supporting the national debate in raising awareness of violence against women and children by funding a film on the issue. The documentary will be screened on South African national television, as well as internationally.

5.8 Other

A major obstacle to South Africa's economic growth and equitable development is the high level of unemployment. Job creation, therefore, is a crucial aim. Against this background, in October 2003 the Bi-National Commission (BNC) proposed that a joint Labour Market Forum – modelled on the Health Forum – be established. In anticipation thereof, in mid-2004 the Embassy of Sweden and IDC of the South African National Treasury agreed to commission a study on the South African labour market, financed under the Rapid Response Fund (RRF). In June 2004, the South African Human Sciences Research Council (HSRC) was contracted to carry out the study.[12] It is estimated that it will be finalized in April 2005.

In addition to supporting a number of background studies for the South African government's 'Ten Year Review' – published in early 2004 – in mid-2004 the Embassy of Sweden was asked by the Office of the Presidency to finance an assessment of the government's performance in advancing gender, children's rights and disability-sensitive programmes within the public service. An amount of 1 MSEK was in August 2004 set aside from the RRF to this effect. In his State of the Nation Address of February 2005, President Mbeki announced that the findings will be available in June 2005.

[12] A Swedish expert, Gösta Edgren, forms part of the study team.

6. Support to Regional Cooperation Programmes

Post-apartheid South Africa plays a prominent role with regard to economic development and conflict resolution in Africa. Under Sida's allocation for regional cooperation in Sub-Saharan Africa, Swedish support has over the years been extended to some of the major South African-based regionally oriented research and documention centres in these fields. All existing agreements in force came to an end by December 2004.

Against this background, in January 2004 the Embassy in Pretoria requested delegation of 25 MSEK to process further support in 2005. The delegation was granted in July, with amendments in November. With the objective of drawing up a consolidated support programme – based on core assistance, enhanced cooperation between the South African institutions and counterparts in Sweden – consultations with/pre-award studies of a number of institutions and university centres were subsequently undertaken. In December 2004, the process resulted in a decision to extend core support as follows: To:

- the NEPAD Secretariat, Midrand, of 2.5 MSEK, as part of a joint Nordic undertaking;
- the Institute for Security Studies (ISS), Pretoria, of 6 MSEK;
- the African Centre for the Constructive Resolution of Disputes (ACCORD), Durban, of 5 MSEK;
- the Centre for Conflict Resolution (CCR), Cape Town, of 4 MSEK;
- the Centre for Policy Studies (CPS), Johannesburg, of 3 MSEK; and
- the South African Institute of International Affairs (SAIIA), Johannesburg, of 2 MSEK.

Following upon the Swedish-South African workshop held in September 2004, towards the end of the year a number of tripartite initiatives were discussed. Implying potential joint undertakings by Sweden and South Africa in favour of a third African country[13], they inter alia suggested cooperation in Rwanda (police and local governance), Sudan (training of officials from the South) and the Democratic Republic of Congo (census/inventory of civil servants). At the September workshop, it was further agreed to set up a joint Swedish-South African task team on tripartite cooperation. It is expected that it will be formally constituted in early 2005.

[13] During 2004, joint Swedish-South African initiatives were, in addition, launched with regard to peace training in Palestine, involving ACCORD.

7. Office and Administrative Issues

In 2004, the working situation of the administrative section of the Embassy was highly transitory, with several staff changes taking place. The post of Head of Administration was in March–May 2004 temporarily filled by a Counsellor/Administrator from the Ministry for Foreign Affairs. In June, the new Head of Administration (Sida) arrived.
New staff members have been recruited, such as a temporary Cashier and an Accountant. In May 2004, a position as Assistant Head of Administration was created, overseeing the development co-operation section's administration, migration matters, the chancery and – together with the Head of Administration – supervising the local administrative staff.

In view of the new Country Strategy and in accordance with the Country Plan for 2004, it was decided not to replace the Programme Officer for Urban Development upon the expiry of his term. Responsibility for the programme has instead been transferred to the Programme Officer for Education, Culture and Research. In July 2004, a new National Programme Officer for Democracy and Human Rights was recruited.

From mid-2004, the staff component at the development cooperation section of the Embassy consisted of one Counsellor/Head, one Economist, two Swedish Programme Officers and three South African National Programme Officers (NPOs). The responsibility of the latter, highly competent, staff members has continuously increased, and by the end of the year the section functioned as one integrated unit.

Finally, during the year under review continued attention was given both to capacity-building of the staff and to the development of planning, administrative and follow-up systems in accordance with the 2003 findings by Sida's Quality Assurance Team. Thus, staff training focussed on financial administration, as well as on issues related to HIV/AIDS and domestic violence, while the Embassy's regular Project Review Committee served as the main forum for quality control.

Annex 1: Key Facts and Figures

Indicator	2002	2000
Total population, millions	44,8	43,3
Annual population growth rate for 2002–2015 and 1975–2002,	-0,1%	0,2%
Population aged 65 and above 2015/2002, % of total	3,9%	5,4%
Population under age 15 2015/2002, % of total	33,2%	30,5%
Life expectancy at birth by sex, years	51,9 (F) 46,0 (M)	53,95 (F) 50,2 (M)
Total fertility rate 2000-05/95-00	2,6	3
Dependency ratio 2015 %	53,6%	53,6%
Population below 1 USD a day 1990–2002, %	7,1%	11,5%
Gini index (2000)	59,3	
HDI rank of total countries	119 of 177	107 of 173
GDI rank of total countries	96 of 144	88 of 146
Net enrolment ratio in primary education, %	90%	89%
Literacy rate of 15- to 24-years old, %	91,8%	91,3%
Adult literacy rate (age 15 and above) by sex, %	85,3% (F) 86,7%(M)	84,6% (F) 86,0%(M)
Public expenditure on education/GDP, 1999–2001	5,7%	
Proportion of population with access to an improved water source 2000, %	86%	80%
Proportion of population with access to improved sanitation 2000, %	87%	80%
Water withdrawal as percentage of renewable water resources 2000, %	22%	22%
Infant mortality rate per 1 000 live births, 2002	52	55
Under five mortality rate per 1 000 live births, 2002	65	70
Maternal mortality ratio per 100 000 live births, 2000–05	230	
HIV prevalence among 15–49 years old 2003, %	21,5%	15,6%
Number of children orphaned due to HIV/AIDS, 2003	1 100 000	1 200 000
Public expenditure on health/GDP 2001, %	3,6%	3,3%
GDP, USD Billions	104,2	125,9
GDP per capita annual growth rate 2002, %	-0,7%	2,6%
GDP per capita, PPP USD	10 070	9 401
Consumer price index, average annual change 2001–02, %	10%	
Consumer price index, average annual change 1990–2002, %	8,1%	8,7%
Total debt service as % of exports of goods and services	12,5%	10%
Official development assistance (ODA) received per capita, USD	14,7	11,3
Agriculture as % of GDP 2002	3,8%	4%
Industry as % of GDP 2002	31,8%	31,8%
Services as % of GDP 2002	64,3%	64,3%
PC-status (Decision and completion point)	No HIPC initiative	
Proportion of seats held by women in national parliament, 2002/1999, %	27,9%	29,8%
Women in government at ministerial level 2001, %	38,1%	38,1%
Corruption Perception Index, Transparency International, 2002	4,6	4,8

Sources: Human Development Report 2004 (UNDP), www.childinfo.org, www.fao.org, www.transparency.org

Annex 2: Outcome and Forecast

Country report - South Africa

Outcome and forecast in TSEK

Delimitation:
Status: I, P, A and C (agr end > 200400 or Outcome <> 0)
Region/Country: South Africa
Other:

Responsible Unit	(All)
Main Sector	(All)

			Data		
Allocation Frame	**Allocation Account**	**Sub Sector**	**Outcome 2004**	**Forecast 2005**	**Forecast 2006**
Inside country allocation	155019 South Africa	-	0	6 000	15 000
		100 Human rights	3 347	1 407	1 900
		109 Human rights	0	0	0
		110 The legal system	24 163	28 289	14 413
		120 Democracy	1 516	3 484	1 500
		131 Central public administration	1 797	4 083	1 000
		132 Financial administration	8 893	17 242	10 000
		133 Local administration	20 266	14 441	12 600
		139 Other within government and public adm	0	0	0
		140 Promotion of peace and conflict management	0	0	0
		200 Primary education	-3 008	0	0
		202 Higher education	0	0	0
		203 Vocational training	193	8 743	6 000
		209 Other within education	7 737	18 181	9 215
		211 Health service	15 370	29 334	30 950
		212 Public health	3 168	3 832	0
		292 Culture	6 316	18 184	27 800
		294 Population issues	0	0	0
		301 Tele, post, & IT communications	0	0	0
		303 Water supply and sanitation	197	1 803	500
		304 Housing and construction	1 973	257	0
		305 Urban development	39 351	49 933	15 575
		310 Trade and industry	2 497	3 483	15 305
		311 Financial sector	5 235	7 463	3 150
		401 Water	1 698	3 005	0
		409 Other natural resources	0	0	0
		910 Research	0	0	0

Allocation Frame	Allocation Account	Sub Sector	Outcome 2004	Forecast 2005	Forecast 2006
Inside country	155019 South Africa	920 Other	186	99	0
		929 Other	2 452	11 961	3 000
	155019 South Africa	**Total**	**143 348**	**231 225**	**167 908**
Inside country allocation Total			**143 348**	**231 225**	**167 908**
Outside country allocation	155029 Regional programs Africa	310 Trade and industry	263	8	0
	155029 Regional programs Africa	**Total**	**263**	**8**	**0**
	155030 Others, Africa	219 Other within health care	0	0	0
		310 Trade and industry	0	0	0
	155030 Others, Africa	**Total**	**0**	**0**	**0**
	15551 Research	202 Higher education	0	0	0
		211 Health service	0	0	0
		212 Public health	0	0	0
		219 Other within health care	0	0	0
		292 Culture	0	0	0
		302 Energy	0	0	0
		304 Housing and construction	0	0	0
		400 Land	0	0	0
		401 Water	0	0	0
		409 Other natural resources	0	0	0
		410 Pollution, other environmental protection	0	0	0
		910 Research	5 927	6 633	1 928
		929 Other	884	916	0
	15551 Research	**Total**	**6 811**	**7 550**	**1 928**
	15561 Non-governmental organisations	100 Human rights	1 781	0	0
		109 Human rights	-11	0	0
		110 The legal system	25	368	0
		120 Democracy	23	102	0
		129 Democracy	-29	0	0
		199 Other within HR & Demo	10 928	7 944	3 311
		200 Primary education	1 489	1 481	0
		203 Vocational training	-1	0	0
		209 Other within education	4 602	2 955	902
		210 Health care system	514	511	0
		211 Health service	1 727	1 247	252
		212 Public health	0	0	0
		219 Other within health care	1 935	1 423	464
		292 Culture	0	0	0

Allocation Frame	Allocation Account	Sub Sector	Outcome 2004	Forecast 2005	Forecast 2006
Outside country	15561 Non-governmental	299 Other within social sectors	1 217	642	15
		303 Water supply and sanitation	70	69	0
		304 Housing and construction	0	0	0
		310 Trade and industry	2 206	2 482	0
		311 Financial sector	134	182	0
		399 Other within infra, trade etc	713	918	96
		400 Land	0	0	0
		409 Other natural resources	1 585	2 047	0
		499 Other natural resources	3 476	1 829	0
		920 Other	903	0	0
		929 Other	2 128	2 360	0
	15561 Non-governmental organisations Total		**35 413**	**26 560**	**5 040**
	15571 Humanitarian assistance	120 Democracy	1 028	0	0
		140 Promotion of peace and conflict management	226	0	0
		291 Basic provisions	658	0	0
	15571 Humanitarian assistance Total		**1 912**	**0**	**0**
Outside country allocation Total			**44 399**	**34 118**	**6 968**
Grand Total			**187 748**	**265 343**	**174 875**

Annex 3: Reports and Documents of Strategic Interest

Reports received by the Embassy of Sweden in Pretoria during 2004

National Treasury: 'Policy Framework and Procedural Guidelines for the Management of Official Development Assistance (ODA)', Republic of South Africa, Pretoria, October 2003

National Treasury: 'Estimates of National Expenditure 2004', Republic of South Africa, Pretoria, February 2004

National Treasury: 'Budget Review 2004', Republic of South Africa, Pretoria, February 2004

National Treasury: 'Trends in Intergovernmental Finances: 2000/01–2006/07', Republic of South Africa, Pretoria, August 2004

NEDLAC: 'Financial Sector Charter', (August) 2004

MTI, SALGA, SIPU International and SALA IDA: 'Local Economic Development Projects in the Northern Cape', Sida, Stockholm, 2004

Topham, Obery and Hede: 'Swedish Support to Urban Development and Housing in South Africa: Review and Evaluation 2004', International Organisation Development, Johannesburg, December 2004

Community Law Centre: 'Child Justice in Africa: A Guide to Good Practice', University of the Western Cape, Bellville, 2004

Swedish Section of the International Commission of Jurists: 'Final Report: South Africa Programme 2001-2003', Stockholm, June 2004

Department of Health: 'Summary Report: National HIV and Syphilis Antenatal Sero-Prevalence Survey in South Africa 2002', Republic of South Africa, Pretoria, 2004

CADRE: 'Child Sexual Abuse and HIV/AIDS in South Africa: A Review', UNICEF, (Pretoria), 2004

Department of Health: 'Monitoring and Evaluation Network for the Comprehensive HIV and AIDS Care, Management and Treatment Programme for South Africa', Republic of South Africa, Pretoria, September 2004

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Annex 4: International and Regional Conventions and Agreements

Signed and/or Ratified by South Africa within Human Rights and Environment

1. Major International Human Rights Treaties:

International Convention on Civil and Political Rights

International Convention on the Elimination of Racial Discrimination

International Convention on the Elimination on All Forms of Discrimination Against Women

International Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment

International Convention on the Rights of the Child

The International Convention on Economic, Social and Cultural Rights was signed on 3 Oct 1994, but is not yet ratified.

Protocol to Prevent, Suppress and Punish Trafficking in Persons, especially Women and Children, supplementing the UN Convention against Transnational Organized Crime:

South Africa signed on 14 December 2000 and ratified on 20 February 2004;

Protocol against the Smuggling of Migrants by Land, Sea and Air, supplementing the UN Convention against Transnational Organized Crime: South Africa signed on 14 December 2000 and ratified on 20 February 2004;

Protocol against the Illicit Manufacturing of and Trafficking in Firearms Parts and Components and Ammunition, supplementing the UN Convention against Transnational Organized Crime: South Africa signed on 14 October 2002, ratified on 20 February 2004.

Treaties and protocols to fight terrorism and crime have also been signed/ratified.

2. International Conventions and Agreements on Environment, Fisheries and Tourism:

CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora).

Ramsar Convention (Convention on Wetlands of International Importance especially as Waterfowl Habitat)

Convention on Biological Diversity

Bonn Convention (Convention on the Conservation of Migratory Species of Wild Animals).

UNCCD (Convention to Combat Desertification)

World Heritage Convention

UNFCCC (United Nations Framework Convention on Climate Change)

Basel Convention (Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal)

Rotterdam Convention (Convention on Prior Informed Consent)

Stockholm Convention on Persistent Organic Pollutants

Montreal Protocol on Substances that Deplete the Ozone Layer

The Antarctic Treaty

UNCLOS (United Nations Convention on the Law of the Sea)

United Nations Fish Stocks Agreement

Convention on the Conservation of Antarctic Marine Living Resources

ICRW (International Convention for the Regulation of Whaling)

ICCAT (International Convention for the Conservation of Atlantic Tunas)

SEAFO Convention (Convention on the Conservation and Management of Fishery Resources in the South East Atlantic)

The Code of Conduction for Responsible Fisheries

The London Convention (Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter)

World Tourism Organisation (membership)

Indian Ocean Tourism Organisation (IOTO) (membership)

Regional Tourism Organisation of Southern Africa (RETROSA) (membership)

African Travel Association (ATA) (membership)

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